Defense Distribution Center

"Supporting Our Warfighters"

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Agenda

- Where We Are
- Forward Stocking
- Where We Are Going
  - Europe
  - Guam
  - Korea
  - SWA
- Pure Pallets
- Kitting Services
- Summary

DDC Facts

Employees:
7,878
Open Storage:
19.6M Sq Ft
Covered Storage: **50.7 M Sq Ft**
NSNs in Storage:
3.9 M
Inventory Value:
$86.3 B
FY 04 Projected Workload: **26.7 M Lines**
FY 03 Workload: **24.7 M Lines**

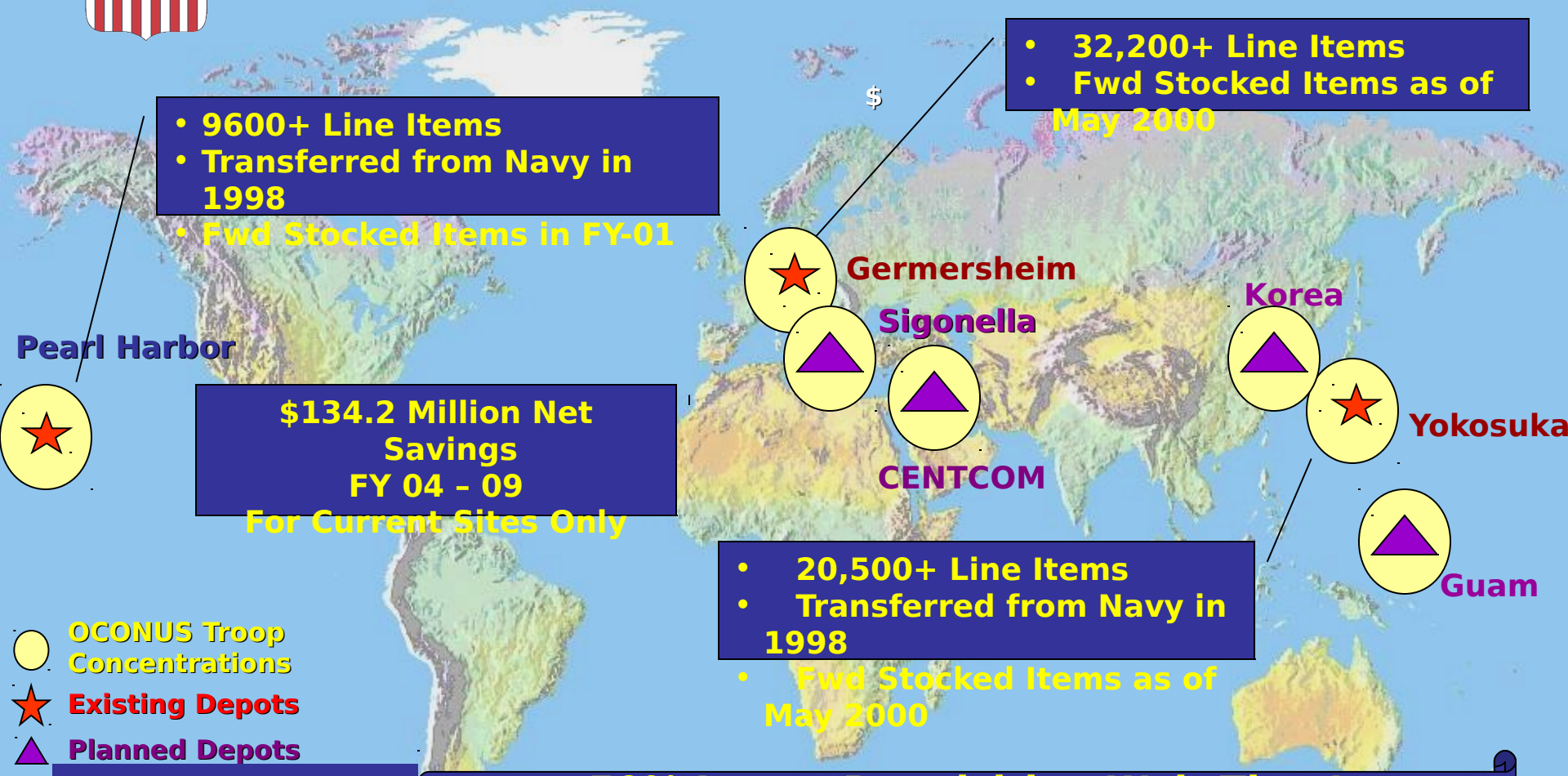
$20.8B

Where We Are
DDC 2003

Headquarters
Distribution Centers
Forward Site

Yokosuka
Puget Sound
Hill
San Joaquin
Barstow
San Diego
Pearl Harbor
Oklahoma City
Red River
Corpus Christi
Columbus
Tobyhanna
Susquehanna
Richmond (2)
Norfolk
Cherry Point
Anniston
Warner Robins
Albany
Jacksonville

Forward Stocking Initiative



50% Lower Requisition Wait Time!
Saves Transportation Costs (Shifting Air to Surface)

Forward Stocking Initiative Planned Sites

Distribution Depot Sigonella

- 9,000+ NSNs
- Potential $7.2M in Annual Transportation Savings
- Transition to a DLA Dist Depot April 2004

Forward Distribution Depot - Guam

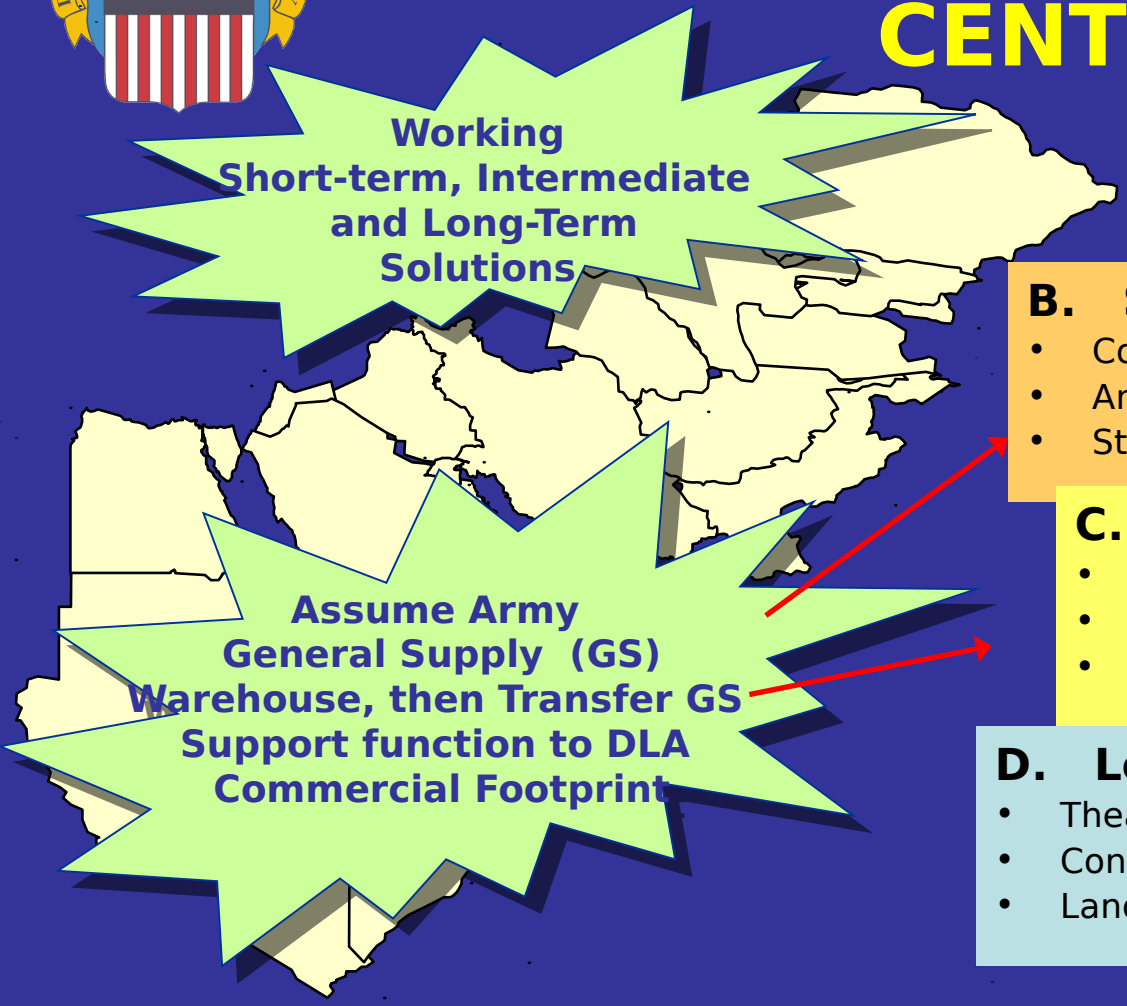
- 4,200+ Candidate NSNs
- Potential $1.4M in Annual Transportation Savings
- Standup October 2004

Forward Distribution Depot - Korea

- 14,997 Candidate NSNs
- Potential $4.1M in Annual Transportation Savings
- Standup December 2004

Improved Readiness at Reduced

Forward Stocking Initiative CENTCOM



Working
Short-term, Intermediate and Long-Term Solutions

Assume Army General Supply (GS) Warehouse, then Transfer GS Support function to DLA Commercial Footprint

A. Immediate Assistance

- Truck support to 1stID from depot in Germany
- Start May 30, 2004

B. Short-Term Solution

- Contingency Contract to Operate in Kuwait
- Annual transportation savings of $163M
- Start August 30, 2004 w/ 7800+ Items

C. Interim Solution

- Competitive Contract for depot in Kuwait
- Annual transportation savings of $270M
- Start August 30, 2005 w/ 40,000+ Items

D. Long-Term Solution

- Theater Distribution Platform in Bahrain
- Continue to work MILCON w/ NAVY
- Land Transfers in FY06

Goal: Establish a Fully Functional Distribution Activity in CENTCOM AOR

Pure Pallets

CENTCOM AOR
33 Army SSAs for 44 SSAs

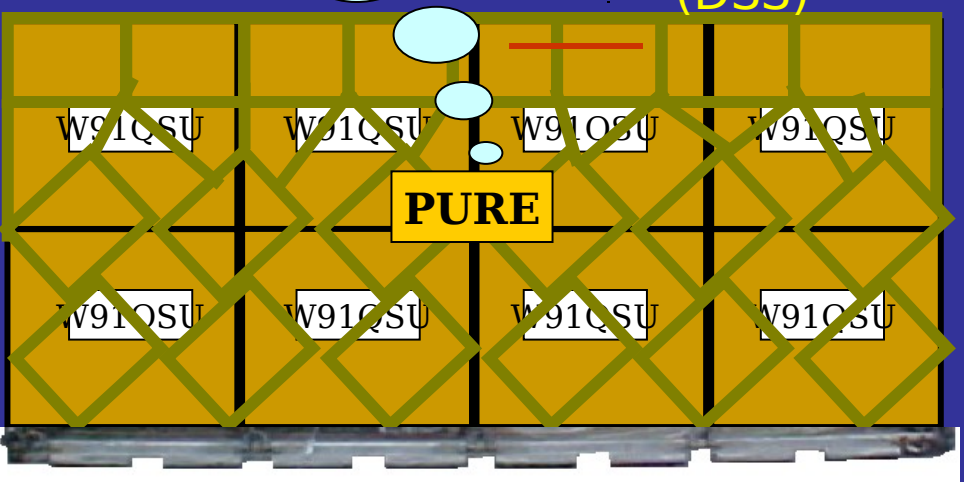
Benefits:

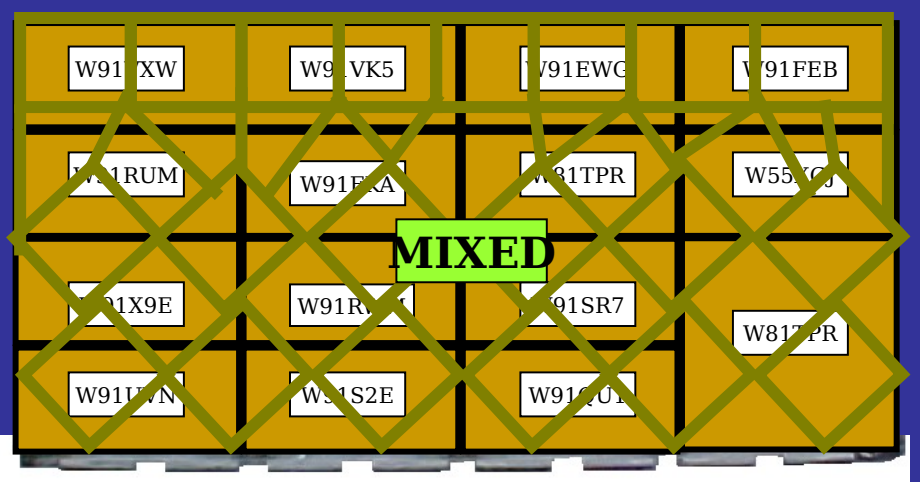
- **Saves time in theater**
- **Work done at point of origin**

Pure Pallet
Each pallet is built to a single Supply Support Activity (SSA)

Evolution of Pure Pallets

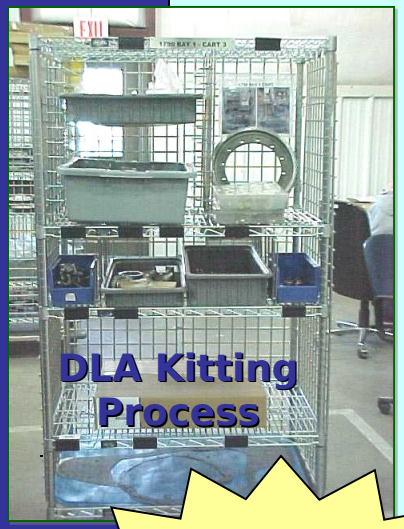
Mar 03 CFLCC Message Published Route Plan
Mar 03 First Plan Update Message
Jun 03 Second Plan Update Message
* First Pure Pallets are Built
Aug 03 Third Plan Update Message
Aug 03 CFLCC (Atlanta) Route Plan Proponent
Oct 03 CENTCOM / ARCENT Meeting at DDC
Oct 03 "Pure Pallet" Route Plan Message
Nov 03 Route Plan Implemented in Dist Std Sys (DSS)





Kitting

Army/Air Force Depots



- Anniston, AL
- Red River, TX
- Corpus Christi, TX
- Tobyhanna, PA
- ALCs

Kits

- Lean-line Production
- High Mobility Multipurpose Wheeled Vehicle
- M-1 Tank
- TPF
- SINCGARS
- MLR System
- Crash Investigation
- UGRs
- Engines

Benefits

- Improves Readiness
- Increases Visibility
- Reduces Inventory and Customer Wait Time
- Improves Depot Turn-Around Time
- Results in Less Work Stoppages
- Reduces Army Management and Storage Actions
- Reduces Lead Times
- Provides On

Now no "buy ahead" requirement!

35 Kits & Growing

Partnering To Make It Happen

Summary

- DDC is leaning forward to support the warfighter
- USTRANSCOM and DLA partnership is a must to improving the supply chain
- Communication and customer focus are key